

SUPPLEMENTAL DECLARATION
TO AMENDED AND RESTATED DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR BROKEN TOP COMMUNITY

This SUPPLEMENTAL DECLARATION TO AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR BROKEN TOP COMMUNITY (this "Supplemental Declaration") is made as of the 26th day of December, 1995, by BROKEN TOP LIMITED PARTNERSHIP, an Oregon limited partnership ("Declarant"), and those persons or entities identified on the attached Exhibit A (the "Initial Owners").

Recitals:

A. Declarant and the Initial Owners are the owners of the real property in Deschutes County, Oregon legally described on the attached Exhibit B (the "Property"). The Property, together with certain adjoining real property legally described on the attached Exhibit C (the "Adjacent Property"), is commonly referred to as the "Courtyards." The Property includes certain common area tracts within the Courtyards.

B. Declarant is the declarant under the Amended and Restated Declaration of Covenants, Conditions, and Restrictions for Broken Top Community, dated September 21, 1994 (as amended or supplemented from time to time, the "Master Declaration") which governs the Broken Top project ("Broken Top"), of which the Courtyards forms a part. The Master Declaration provides for the establishment of the Broken Top Community Association, Inc. (the "Association") and for the formation of Neighborhoods within Broken Top, on the terms and conditions set forth therein. All capitalized terms used in this Supplemental Declaration and not otherwise defined herein shall have the meanings given in the Master Declaration.

C. The Master Declaration also permits the accommodation of short-term tenants in Units and leases of Units for an initial term of less than 30 days pursuant to a supplemental declaration recorded in the Official Records of Deschutes County, Oregon with respect to one or more Neighborhoods.

D. Declarant and the Initial Owners desire to confirm the authorization of short-term tenancies and leases of less than 30 days within the Property, on the terms and conditions set forth in this Supplemental Declaration.

Declarations:

Declarant and the Initial Owners hereby declare that the Property and all lots, parcels, and portions thereof are

After Recording Return to:

Broken Top Community Assn.
61999 Broken Top Drive
Bend, OR 97702

401 1956

hereby made subject to the conditions, covenants, restrictions, and provisions contained in this Supplemental Declaration:

1. Maintenance.

1.1 By Association. The Association shall be responsible, to the extent of Neighborhood Assessments actually collected from Owners of Units within the Property, for the maintenance, repair, and replacement of the following (the "Courtyards Area"), in accordance with Section 5.1 of the Master Declaration:

(i) the exterior surfaces of all townhomes within the Property (each, a "Townhome," and collectively, the "Townhomes"), including, without limitation, roofs, chimneys, rain gutters, siding, doors and door frames, windows and window frames, and skylights and skylight frames (if any), as well as the exterior surfaces of any carports or garages constructed on the Property;

(ii) sanitary sewer lines from the connection with the main service line owned and maintained by the service provider to a point within or under an Owner's Unit and water service lines up to the meter measuring water service to an Owner's Unit;

(iii) all landscaping and lawns located within an Owners' Unit; and

(iv) Tract B, COURTYARDS AT BROKEN TOP, Deschutes County, Oregon, and Tract C, COURTYARD TOWNHOMES AT BROKEN TOP, Deschutes County, Oregon, which shall be Exclusive Common Areas assigned to the Courtyards Neighborhood for the purposes of the Master Declaration.

Without limitation of the foregoing, the Association shall be responsible for painting or staining of roofs, chimneys, rain gutters, and siding, and planting, pruning, mowing, and cleaning of all landscaping and lawns within the Courtyards Area. Party walls shall not be the responsibility of the Association, but shall be maintained and repaired in accordance with Section 5.5 of the Master Declaration. No material changes or alterations in or to the Courtyards Area shall be made for so long as K.B.T.C. Company, Inc. or Westlund Development, Inc. owns one or more Units within the Property without the consent of such entities, which consent shall not be unreasonably withheld. Nothing in this Section 1.1 shall limit the annexation rights set forth in Section 5.

1.2 By Owners. Each Owner of a Unit within the Property shall perform all maintenance, repair, and replacement of (i) the interior of such Owner's Townhome, including, without limitation, all electrical wiring and fixtures, plumbing pipes and conduits, fixtures and appliances (whether built-in or free-

standing), air conditioning, heating, sewage disposal, and interior fire prevention systems, if any, and the interior of the Owner's carport or garage, if applicable, and (ii) all exterior elements of the Owner's Unit that do not form part of the Courtyards Area, including, without limitation, sanitary sewer lines within and under an Owner's Unit, window screens, storm windows, storm doors, screen doors, electrical and mechanical doorbells and knockers, and exterior air conditioning and heating equipment and devices. An Owner's obligations under this Section 1.2 shall include cleaning of the surfaces of all windows and skylights. Nothing in this Section 1.2 shall limit the obligations of Owners under Section 5.2 of the Master Declaration.

2. Insurance.

2.1 By Association. The Association shall maintain the insurance coverage described in Section 6.1 of the Master Declaration with respect to the Courtyards Area, to the extent of Neighborhood Assessments actually collected from Owners of Units within the Property.

2.2 By Owners. Each Owner of a Unit within the Property shall obtain and maintain in effect from reputable insurance companies authorized to do business in the State of Oregon: (i) public liability and property damage insurance with respect to such Owner's Unit in an amount of not less than \$500,000 per person, per occurrence, and (ii) "all-risk" property insurance with respect to (a) all insurable improvements located within such Owner's Unit and not forming part of the Courtyards Area and (b) personal property located in such Owner's Townhome, in each case, in an amount equal to 100 percent of the replacement cost thereof.

3. Damage or Destruction. Any damage to or destruction of the Courtyards Area shall be repaired or reconstructed, to the extent of available insurance proceeds and Neighborhood Assessments actually collected from Owners of Units within the Property, unless Owners representing at least 75 percent of the total Units within the Property decide by written consent within 60 days after the damage or destruction not to repair or reconstruct.

4. Assessments. The Association shall have the authority to impose Neighborhood Assessments for the actual and estimated expenses incurred or anticipated to be incurred by the Association for the benefit of Owners and occupants of Units within the Property, including a reasonable reserve for capital repairs and replacements, as well as a reasonable charge for the administrative functions to be performed by the Master Association in connection with the Courtyards Neighborhood. The Neighborhood Expenses for the Property shall be allocated equally among all Units within the Property; provided, however, that the

Association shall have the authority to allocate any portion of the assessment intended for exterior maintenance of structures (including, without limitation, carports and garages), insurance on structures, or replacement reserves which pertain to particular structures to the benefitted Units in proportion to the benefit received. Neighborhood Assessments shall be computed and imposed by the Association in accordance with Section 10.3 of the Master Declaration. Nothing in this Section 4 shall limit the right of the Association to impose Specific Assessments pursuant to Section 10.6 of the Master Declaration.

5. Annexation. Declarant may unilaterally subject to the provisions of this Supplemental Declaration all or any portion of the Adjacent Property, which shall thereupon form part of the Property. Declarant may transfer or assign this right to annex property, provided that the transferee or assignee is the developer of at least a portion of the Adjacent Property and that such transfer is memorialized in a written, recorded instrument executed by Declarant. Such annexation shall be accomplished by filing a declaration of annexation in the Official Records of Deschutes County, Oregon describing the property to be annexed and specifically subjecting it to the terms of this Supplemental Declaration. The declaration of annexation shall not require the consent of any Owners of Units within the Property, but shall require the consent of the owner of the annexed property, if other than Declarant. Any such annexation shall be effective upon the filing for record of such declaration of annexation, unless otherwise provided therein. Effective upon such annexation, the Association and the Owners of Units within the Adjacent Property shall have the rights and responsibilities set forth in the other provisions of this Supplemental Declaration with respect to the Courtyards Area, Units, and Townhomes within the Adjacent Property. Nothing in this Supplemental Declaration shall be construed to require Declarant or any successor to annex or develop any of the Adjacent Property in any manner whatsoever.

6. Leases/Rentals. Each Owner of a Unit within the Property shall have the right to accommodate short-term tenants in the Unit and to lease or rent the Unit for any period of time, subject to full compliance with applicable laws, the Master Declaration, this Supplemental Declaration, the By-Laws, the Articles of Incorporation, and all rules and regulations of the Association (collectively, the "Governing Documents"). All leases or rental agreements shall be in writing and shall be deemed to provide that their terms are subject in all respects to the provisions of the Governing Documents and that any failure by the lessee or renter to comply with the provisions of the Governing Documents shall constitute a default under such lease or rental agreement. The lessee's or renter's use and enjoyment of the Common Area under such lease or rental agreement shall be subject to suspension by the Association for any of the causes set forth in the Master Declaration. Notice of any lease or rental agreement, together with such additional information as

may be required by the Association, shall be given to the Association by the applicable Owner within 10 days of execution of the lease or rental agreement.

7. Organization. The Property shall not have a Neighborhood Association. The Owners of Units within the Property may elect a Neighborhood Committee, as described in Section 5.3 of the By-Laws, to represent the interests of such Owners. Voting Members representing the Courtyards Neighborhood shall be elected in accordance with Section 3.4(b) of the Master Declaration.

8. Easements. So long as construction and initial sales of Units shall continue with respect to the Property, Declarant and Builders authorized by Declarant may maintain and carry on upon portions of the Property such facilities and activities as may be reasonably required, appropriate, or incidental to the construction or sale of such Units, including, without limitation, business offices, signs, model units, and sales offices, subject, however, to the design review requirements of the Master Declaration. Declarant and authorized Builders shall have easements for access to and use of such facilities. The unilateral right of Declarant or such Builders to use the Common Area for the purposes stated in this Section 9 shall not be exclusive and shall not unreasonably interfere with the use of such Common Area by Owners unless such Common Area is leased pursuant to a lease agreement with the Association providing for payment of reasonable rent.

9. Term. This Supplemental Declaration shall run with and bind the Property, and shall inure to the benefit of and shall be enforceable by the Association or any Owner of a Unit within the Property, their respective legal representatives, heirs, successors, and assigns, for so long as the Master Declaration remains in effect.

10. Amendment. Until 75 percent of the Units within the Property have been conveyed to Persons who are not Builders, Declarant shall have the right unilaterally to amend this Supplemental Declaration, provided such amendment does not materially and adversely affects the rights hereunder of Owners of Units within the Property. Thereafter, or if the amendment does have such a material and adverse effect, this Supplemental Declaration may be amended only by the written consent of Owners owning 75 percent or more of the Units within the Property and of Declarant for so long as Declarant owns any Unit within the Property. Amendments to this Supplemental Declaration shall become effective upon recordation in the Official Records of Deschutes County, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within one year of its recordation or such amendment shall be conclusively presumed to have been validly adopted. If an Owner

consents to any amendment to this Supplemental Declaration, it will be conclusively presumed that such Owner has the authority so to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

11. Miscellaneous Provisions.

11.1 Severability. Invalidation of any provision of this Supplemental Declaration, in whole or in part, or any application of a provision of this Supplemental Declaration by judgment or court order, shall in no way affect other provisions or applications.

11.2 Construction. In interpreting words in this Supplemental Declaration, unless the context shall otherwise provide or require, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

11.3 Headings. Headings are included only for purposes of convenient reference only and shall not affect the meaning or interpretation of this Supplemental Declaration.

11.4 Waiver. No failure on the part of the Association to give notice of default or to exercise or to delay in exercising any right or remedy shall operate as a waiver. No waiver shall be effective unless it is in writing and signed by the president or vice president of the Board on behalf of the Association.

11.5 Conflicts Between Documents. In the case of conflict between this Supplemental Declaration and the Master Declaration, the Master Declaration shall control.

IN WITNESS WHEREOF, Declarant and the Initial Owners have executed this Supplemental Declaration as of the date first set forth above.

Declarant: BROKEN TOP LIMITED PARTNERSHIP, an Oregon limited partnership

By: Broken Top, Inc., General Partner

By Robert E. Bobosky
Title Secretary

Initial Owners: K.B.T.C. Company, Inc., an Oregon corporation

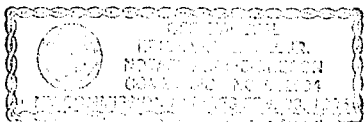
By [Signature]
Title Secretary

WESTLUND DEVELOPMENT, INC., an Oregon corporation

By Bob H. Westlund
Title PRES.

STATE OF OREGON)
County of Multnomah) ss.

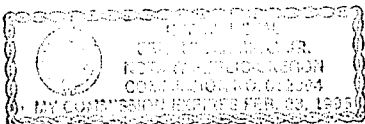
The foregoing instrument was acknowledged before me on this 26 day of December, 1995 by Robert E. Bobosky, the Secretary of Broken Top, Inc., the General Partner of BROKEN TOP LIMITED PARTNERSHIP, an Oregon limited partnership, on behalf of the limited partnership.



Eric W. Merrill, Jr.
Notary Public for Oregon
My Commission Expires: 2/23/96

STATE OF OREGON)
County of Multnomah) ss.

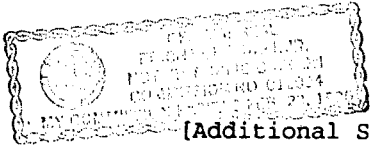
The foregoing instrument was acknowledged before me on this 26 day of December, 1995 by Bruce E. Siskey, the Vice President of K.B.T.C. Company, Inc., an Oregon corporation, on behalf of the corporation.



Eric W. Merrill, Jr.
Notary Public for Oregon
My Commission Expires: 2/23/96

STATE OF OREGON)
County of Multnomah) SS.

The foregoing instrument was acknowledged before me on this 26 day of December, 1995 by Bernard J. Westlund the President of WESTLUND DEVELOPMENT, INC., an Oregon corporation, on behalf of the corporation.



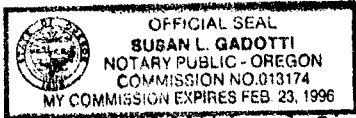
Eric W. Merrill Jr.
Notary Public for Oregon
My Commission Expires: 2/23/96

[Additional Signatures on Following Pages]

[Signature]
Homer G. Williams

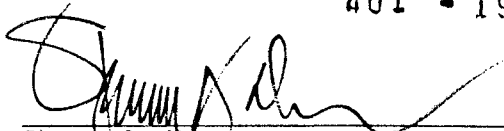
STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me on
this 2nd day of February, 1996, by Homer G. Williams.



[Signature]
Notary Public for Oregon
My Commission Expires: 2/23/96

[Additional Signatures on Following Pages]

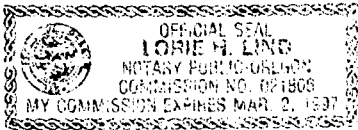

Steven A. Ness

STATE OF OREGON)
County of Multnomah) ss.

The foregoing instrument was acknowledged before me on
this 6th day of February, 1996, by Steven A. Ness.


Notary Public for Oregon
My Commission Expires: 3/2/97

[Additional Signatures on Following Pages]

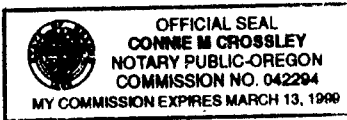


Don V. Romanaggi
Don V. Romanaggi

Agnes M. Romanaggi
Agnes M. Romanaggi

STATE OF OREGON)
) ss.
County of Deschutes)

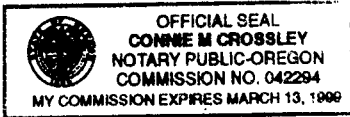
The foregoing instrument was acknowledged before me on this 22nd day of February, 1996, by Don V. Romanaggi.



Connie M. Crossley
Notary Public for Oregon
My Commission Expires: 3-13-99

STATE OF OREGON)
) ss.
County of Deschutes)

The foregoing instrument was acknowledged before me on this 2nd day of February, 1996, by Agnes M. Romanaggi.



Connie M. Crossley
Notary Public for Oregon
My Commission Expires: 3-13-99

[Additional Signatures on Following Pages]

G. M. Eide

Gregory M. Eide

STATE OF OREGON)
County of Deschutes) ss.

26th The foregoing instrument was acknowledged before me on this
day of January, 1996, by Gregory M. Eide.



Shannon Mc Clanahan
Notary Public for Oregon
My Commission Expires: Jan 18, 1998

EXHIBIT A

Initial Owners

1. K.B.T.C. Company, Inc.
2. Westlund Development, Inc.
3. Homer G. Williams
4. Steven A. Ness
5. Don V. and Agnes M. Romanaggi
6. Gregory M. Eide
7. Conrad C. Ege and Mary E. Welch

EXHIBIT B

Property

Lots 1, 2, 3, 4, 5, 6, 7, and 8, and Tract B, COURTYARDS AT
BROKEN TOP, Deschutes County, Oregon, and Lots 21, 22, 23, 24,
25, 26, 27, 28, 29, 30, 31, and 32 and Tract C, COURTYARD
TOWNHOMES AT BROKEN TOP, Deschutes County, Oregon.

401 - 1970

EXHIBIT C

Adjacent Property

Lots 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20,
COURTYARDS AT BROKEN TOP, Deschutes County, Oregon.

STATE OF OREGON)
COUNTY OF DESCHUTES) SS.

I, MARY SUE PENHOLLOW, COUNTY CLERK AND
RECORDER OF CONVEYANCES, IN AND FOR SAID
COUNTY, DO HEREBY CERTIFY THAT THE WITHIN
INSTRUMENT WAS RECORDED THIS DAY:

96 MAR -1 PM 3:17

MARY SUE PENHOLLOW
COUNTY CLERK

BY: M. Dains DEPUTY

NO. 96-07216

FEE 80

DESCHUTES COUNTY OFFICIAL RECORDS